

<https://www.wealthmanagement.com/technology/fnz-expanding-us-footprint-yieldx-acquisition>



## TECHNOLOGY

### **FNZ Expanding US Footprint With YieldX Acquisition**

**The New Zealand-based wealth management firm looks to further extend its reach into the North American market.**

Rob Burgess | Jan 19, 2023

YieldX, the Miami-based fixed-income fintech, announced Thursday that it will be acquired by FNZ, a global wealth management platform provider headquartered in New Zealand.

Tom Chard, CEO for FNZ North America, said YieldX had “been on FNZ’s radar as a leading provider of first-class technology solutions across core institutional wealth management use cases and client profiles.”

FNZ currently administers more than \$1.5 trillion in client assets representing over 20 million investors worldwide. It partners with over 650 large financial institutions and 8,000 wealth management firms in 21 countries, including Envestnet, Vanguard, abrdn, Barclays, Lloyds Bank, Santander and Vanguard, among others.

In 2020, FNZ bought a majority stake in State Street’s custody business, Wealth Manager Services, giving the firm a foothold in the U.S. wealth market. The unit was later renamed FNZ Trust Services, with a minority

ownership still held by State Street. State Street acts as subcustodian to the assets held at FNZ.

In 2022, Envestnet announced it would be getting into the custody business as it partnered with FNZ.

“FNZ and Envestnet are working together to create a fully digital, integrated wealth management experience for the U.S. market,” said Chard. “The project is progressing well, and we are still planning to reach the market in H2 2023. Additionally, the partnership will enable unique insights and experiences generated by Envestnet Data & Analytics’ Wealth Data Platform (WDP) to be integrated as part of FNZ’s platform and distributed to our global customer base, beginning this year.”

William Trout, director of wealth management at Javelin Strategy & Research, said the YieldX acquisition builds on the partnerships with State Street and Envestnet “and marks another step toward FNZ efforts to build out its portfolio of competencies to serve the North American market.”

“These include operational capabilities around onboarding as well as portfolio management and back-end custody services,” said Trout. “The fixed income capabilities offered by YieldX constitute, in particular, a means of supporting demand for direct indexing solutions, around which interest among U.S. wealth managers is flourishing,” he said.

Led by CEO Adam Green, co-founder of MoneyLion, and president and chief innovation officer Steve Gross, YieldX debuted after raising \$5 million in seed funding in 2019 and closing another round of \$5 million in 2020.

In April 2022, YieldX announced that it was officially integrated into the Schwab Advisor Center.

“Our integration into Schwab Advisor Center has been very successful,” said Green. “We believe Schwab’s full integration with TD will open up more accessible market share as we continue on our mission to deliver personalized investment solutions to more people.”

And just last week, global active investing firm Principal Asset Management announced a collaboration with both YieldX and Smartleaf Asset Management.

“We expect the acquisition will accelerate our recently announced partnership with Principal Asset Management and Smartleaf Asset Management,” said Green. “With FNZ’s significant resources and global footprint, we believe we will be able to more quickly drive adoption of customized direct indexing in fixed income across the marketplace.”

With this latest deal, Green will join FNZ as CEO of asset management for North America, and Gross will join FNZ as head of asset management strategy for North America.

“They are committed to leading the integration of YieldX into the FNZ business and will drive the broader expansion efforts in the U.S. and Canada for asset management products, solutions and technology,” said Chard.